

Fiscal Note

Fiscal Services Division



SF 410 – Division of Libraries (LSB 1211SV)

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Fiscal Note Version – New

Description

Senate File 410 implements the recommendations of the Iowa Library Services Reorganization Report submitted to the General Assembly on November 1, 2010, as directed in **SF 2376** (FY 2011 Education Appropriations Act).

The Bill combines the existing State Library (established in the Code as the Division of Libraries and Information Services within the Department of Education) and six Library Service Areas (LSAs) into the Division of Library Services, established as an independent division of the Department of Education. The Division will be overseen by the State Commission of Libraries that currently oversees the State Library. The Commission will be expanded from eight to nine members, including seven appointed by the Governor to four-year terms. The Governor's appointees must include two public librarians, one public library trustee, one academic librarian, one school or area education agency librarian, and two at-large members. The Commission will be charged with organizing, staffing, and administering the Division in a manner that provides the greatest benefit to libraries in Iowa. The Bill specifies that the Commission will assume all of the outstanding obligations of the current LSAs beginning July 1, 2011. The Bill directs the LSAs to transfer their State-funded assets and title to any State-funded real estate to the State Librarian prior to that date.

The new Division will consist of three units: the Library Support Network, the Specialized Library Services unit that will include the State Law Library, and the existing State Data Center. The Library Support Network will offer services and programs for libraries through the establishment of district offices. After a mandated merger of two LSAs in FY 2010, there are currently six LSAs; the Bill specifies that the number of district offices shall not exceed six. The Specialized Library Services unit will provide information services to the three branches of State government and offer information services to the general public in the areas of Iowa law, State documents, and Iowa history and culture.

The Bill directs the State Librarian to convene a Library Services Advisory Panel to advise and recommend to the Commission and Division evidence-based best practices, assist in determining service priorities, articulate the needs and interests of librarians, and share research and professional development information. The Advisory Panel must include at least 11 members representing libraries of all sizes and types, including various population levels and geographic regions of the State, and must meet at least twice per year and submit recommendations at least once per year. Members of the Advisory Panel will be reimbursed from State funds for expenses incurred in the performance of their duties.

Employees of the current LSAs that are hired by the new Division will be given credit for accrued vacation and sick leave. The personnel records of each LSA must be submitted to the new Division by July 1, 2011.

Background

Fiscal Information

For FY 2011, the LSAs received a General Fund appropriation of \$1.1 million and a Rebuild Iowa Infrastructure Fund (RIIF) appropriation of \$50,000, both distributed equally among the six regions. For FY 2011, the State Library received a General Fund appropriation of \$1.3 million. At this time, total General Fund support in FY 2011 for the two entities is \$2.4 million.

The State Library estimates the need for each district office to have one Consultant and one Project Coordinator and anticipates hiring many current LSA staff for these positions. The LSA employees currently participate in State insurance and retirement benefits but are not otherwise considered State employees.

The State Library anticipates starting with at least 12 members on the Advisory Panel. Some members may be able to travel in city-owned or university-owned vehicles and will not need to claim reimbursement from the State for their travel to meetings.

The LSA ending fund balances for FY 2011 will be transferred to the State Library and be available for use in FY 2012. At the end of FY 2010, the LSAs had a total ending fund balance of \$843,000. It is not possible to estimate how much of this amount will remain at the end of FY 2011.

Assumptions

Fiscal Information

1. Staffing: The new Division will establish six district offices. Each will require 1.0 FTE District Consultant and 1.0 FTE Project Coordinator. Statewide cost for staffing the district offices in FY 2012 will be \$848,728 for six offices or \$990,183 for seven.
 - a. District Consultants will be paid at the maximum Library Consultant pay grade of \$69,205. Project Coordinators will be paid at the mid-range of Library Resource Technician pay grade of \$42,538. Salaries reflect FY 2012 across-the-board adjustments totaling 2.5% based on current collective bargaining agreements.
 - b. Employee benefits will cost an additional 27.0% of the salary amount for each position.

FY 2012 Employee Costs for District Offices					
6 Offices	District Consultant	x 6.0 FTE	Project Coordinator	x 6.0 FTE	Total
Salary	\$ 69,205	\$ 415,230	\$ 42,538	\$ 255,225	
Benefits	18,402	110,410	11,311	67,864	
Subtotal	<u>\$ 87,607</u>		<u>\$ 53,848</u>		
Total		<u>\$ 525,639</u>		<u>\$ 323,089</u>	<u>\$ 848,728</u>
7 Offices	District Consultant	x 7.0 FTE	Project Coordinator	x 7.0 FTE	Total
Salary	\$ 69,205	\$ 484,434	\$ 42,538	\$ 297,763	
Benefits	18,402	128,811	11,311	79,175	
Subtotal	<u>\$ 87,607</u>		<u>\$ 53,848</u>		
Total		<u>\$ 613,246</u>		<u>\$ 376,938</u>	<u>\$ 990,183</u>

2. The new Division will be charged \$25.38 per employee per month by the Department of Administrative Services (DAS) for human resources services, for an annual cost of \$3,655 for six district offices or \$4,264 for seven.
3. Six vehicles currently owned by the LSAs will be transferred to the new Division and used by the district offices. Maintenance on the vehicles will become the responsibility of the DAS. Each vehicle will generate a monthly \$200 maintenance fee paid to the DAS, for a total of \$14,400 annually for six district offices or \$16,800 for seven.
4. Each District Consultant will be required to travel two nights per week (104 nights annually) and will be reimbursed for meals and lodging at \$84 per night, for a statewide annual cost of \$52,416 for six district offices or \$61,152 for seven.
5. Each District Consultant will require the use of a cell phone at a cost of \$70 per month, for a statewide annual cost of \$5,040 for six district offices or \$5,880 for seven.
6. Each district office will require Internet service at a cost of \$40 per month, for a statewide annual cost of \$2,880 for six district offices or \$3,360 for seven.
7. Computers will be provided for Districts Consultants and Project Coordinators at a first-year cost of \$1,800 per district office, for a first-year statewide total of \$10,800 for six district offices or \$12,600 for seven.
8. District offices will be established rent-free under agreements with local libraries, Area Education Agencies, community colleges, or other public entities. Agreements may involve limited financial participation for things such as utilities and maintenance. The current cost-free housing arrangement for the existing Central LSA will be continued. Housing costs for the remaining district offices will average \$300 per month per office, for a statewide total of \$18,000 per year for six district offices or \$21,600 for seven.
9. The district offices will require outside services for field consulting and special projects at a total annual cost of \$50,000. It is assumed that this expense will continue to be supported by an annual RIIF appropriation, rather than the General Fund.
10. Twelve Advisory Panel members will be reimbursed for expenses for two meetings per year, with additional meetings held via the Iowa Communications Network (ICN) or by webinar. Mileage reimbursement at \$0.39 per mile will total \$2,000 annually. Meals will average \$12 per person, for an annual total of \$288. Total annual cost for Advisory Panel expenses will be \$2,288.
11. It is assumed that the six existing LSAs will have a total ending fund balance of \$250,000 at the end of FY 2011 that will be transferred to the State Library. This one-time funding may be used to offset the costs of the regional offices in FY 2012.
12. In FY 2013, each Project Coordinator will receive a step increase in salary of 4.5%. District Consultants will be at the top of their pay grade and ineligible for step increases. All salaries will increase by 3.0% to reflect the across-the-board adjustment included in the current collective bargaining agreement. The cost of employee benefits will increase 10.0% annually.
13. In FY 2013, costs not associated with salaries and benefits will increase by an inflation factor of 1.5% (CPI-U, December 2010).

Fiscal Impact

The estimated cost to the General Fund for the support of six district offices as established in [SF 410](#) as part of the Division of Library Services is \$958,000 in FY 2012. Compared to the estimated FY 2011 General Fund appropriation for the LSAs, this is a decrease of \$120,000. For seven district offices, the estimated cost to the General Fund is \$1.1 million, an increase of \$40,000 compared to estimated FY 2011.

The FY 2011 ending fund balances of the LSAs will offset costs in FY 2012. Assuming the ending fund balances total \$250,000; the estimated FY 2012 cost to the General Fund would decrease to \$708,000 for six district offices or \$868,000 for seven offices in FY 2012. Compared to estimated FY 2011, these are decreases of \$370,000 or \$210,000, respectively.

The ending fund balances will be expended in FY 2012 and will not be of benefit in subsequent fiscal years. The FY 2013 General Fund cost is estimated to be \$998,000 for six district offices and \$1.2 million for seven offices. Respectively, these are increases of \$40,000 and \$47,000 compared to the FY 2012 estimates before consideration of the FY 2011 ending fund balances.

Source

Division of Libraries and Information Services, Department of Education

/s/ Holly M. Lyons

March 9, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
